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ORGANIZED CRIME IN THE SUN BELT: THE UNDERSIDE OF PROSPERITY -- THE CONS
BY WILLIAM H. INMAN

Not long ago, a Florida-based crime organization called the Corporation found it was generating far more cash flow than could easily be justified or integrated into its legitimate bank and land holdings.

What good is cash if it cannot be spent?

So the Corporation's money man and founder, Jose Miguel Battle Sr., a former CIA operative and hero of the Bay of Pigs known as the Godfather, decided to invest his organization's untaxed loot in -- of all things -- winners of the Puerto Rican Lottery.

The scam works like this, according to investigative reports:

"If a bettor from Tampa should win a \$125,000 prize, the Tampa distributor was to immediately notify the Corporation," says a former special agent with the Internal Revenue Service. "The Corporation would then contact the individual and offer (him) \$150,000 for that ticket."

The winner is informed, correctly of course, that if he travels to Puerto Rico to collect the \$125,000, he must surrender a good chunk of that money to the IRS. So why not just turn the ticket over to a representative of the Corporation, skip the trip to Puerto Rico, skip the taxes and add a \$25,000 bonus to the prize.

It's a deal hard to refuse, and apparently not many do.

"The Corporation then takes the ticket to Puerto Rico, cashes the ticket and pays the IRS the full amount of tax due," says the agent. The Corporation loses some of its illegal cash to taxes and the bonus to the "real" winner, but what's left is legal and investable.

By making hard-to-refuse deals to winners across the nation, the Corporation has been able to launder, or "green-wash," an estimated half-billion dollars a year from its storefront policy games and gambling spots in Hispanic bars and from East Coast gun-running and contract-murder subsidiaries.

"(The Corporation's) profits would thrill any Fortune 500 blue-chipper," says one investigator, noting New York City policy spots alone generate \$100 million annually.

The lottery racket continues, although authorities know intimately about its workings right down to the identity of small-time couriers. But the feds can do little.

The reason: Few people seem willing to cooperate. Jose Battle's shell game generates few losers. After all, Uncle Sam gets his full tax bite, the Puerto Rican Lottery sells its tickets in Corporation-run outlets from California to New York, and lottery winners wind up with a vault full of reasons to stay silent.

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EXCERPTED